

NEWSLINE

Savings Plus Program

3rd Quarter 2003

Understand Your Investments – Stock (Equity) Funds

Most mutual funds invest in stocks, and these are called stock (or equity) funds.

While mutual funds most often invest in the stock market, the professionals who manage these funds don't just buy any stock they find attractive. Some invest primarily in large-cap stocks, others in mid-cap stocks, and others in small-cap stocks.

"Cap" is shorthand for capitalization. It's a way to measure the size of a company. While criteria vary, a general guideline is that large-cap funds invest in companies worth more than \$5 billion; mid-cap funds invest in companies worth \$500 million to \$5 billion; and small-cap funds invest in companies worth less than \$500 million.

This is the third in our series of articles on the basic investment categories – Cash/Stable Value, Bonds, and Stocks – and another category Savings Plus offers called "Lifestyle" funds. Our last issue focused on Bond Funds. In this issue, we introduce you to Stock Funds.

managers use a "value" approach, choosing stocks that are undervalued when compared to similar companies. Often, the share price of these stocks have been beaten down by the market as investors become pessimistic about the potential of these companies.

The "growth" approach looks for stocks that are growing faster than their competitors, or the market as a whole. These fund managers buy shares in companies that are growing rapidly – often well-known, established corporations.

Some managers buy both kinds of stocks, building a portfolio of growth and value stocks. This is

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Company size is relevant to investing because of its relationship to growth potential and risk.

Fund managers usually use one of three styles of "stock-picking" when they make investment decisions for their portfolios. Some fund

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Stock (Equity) Funds

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known as the “blend” approach.

A fund manager can invest in companies within the U.S. or in other countries. Historically, the U.S. and international economies have tended to move up and down at different times with different levels of positive and negative growth. Therefore, most financial planners consider it wise to diversify your asset allocation between domestic and international holdings.

In addition to diversifying your investments among the major categories – stocks, bonds, and cash/stable value funds – it’s also a good idea to diversify your stock funds by including all three “cap” categories in your portfolio.

Historically, large-cap funds tend to have slower, more stable growth and are considered less risky investments. Small-cap funds may have greater growth potential but also may carry higher risk.

Mid-cap funds, which buy stock of companies somewhere in the middle of large, established companies and smaller companies, represent the middle point of risk and return, thereby providing a good balance to large- and small-cap funds.

In the next NewsLine, we’ll report on the Stock Funds SPP offers.

In the meantime, you can refer to the Investment Guide we mailed to you in May. It’s also available on our Web site at www.sppforu.com, under Plan Info & Forms/Forms and Publications. Our Web site also includes links to the fund providers (under Plan Info & Forms/Links to Fund Providers) and explains the basics of investing (under Investment Education).

Ticker Symbols and VRS Fund Codes

The VRS requires a 4-digit code for an investment option you want to inquire about or change. This list of fund codes is current as of December 2002.

Fund	Ticker	Code
Open Funds:		
Accessor Small to Mid-Cap Advisors	ASMCX	.2240
American Funds Growth Fund of America	AGTHX	.2484
CalPERS S&P 500 Equity Index Fund2750
Domini Social Equity	DSEFX	.2802
Dwight Asset Management (GIC)2810
Federated Stock Trust	FSTKX	.3445
Franklin Balance Sheet Investment	FRBSX	.7817
Gartmore Investor Destination (ID) Options:		
ID Conservative Service Class	NDCSX	.9719
ID Moderately Conservative Service Class	NSDCX	.9720
ID Moderate Service Class	NSDMX	.9721
ID Moderate Aggressive Service Class	NDMSX	.9722
ID Aggressive Service Class	NDASX	.9723
Glenmede Ins International/PIA	GTIIX	.4350
Hartford Advisers HLS	HADAX	.4250
Hartford Stock HLS	HSTAX	.4252
Janus Twenty	JAVLX	.5270
Savings Pool2230
T Rowe Price Mid-Cap Growth	RPMGX	.7736
VALIC Fixed Interest Option8965
Vanguard GNMA Admiral Shares	VFIJX	.8240
Vanguard Total Bond Market Index Inst	VBPIX	.8261
Vanguard US Growth Admiral Shares	VWUAX	.8954
Variable Annuity Hartford Sub Accounts:		
American Century Income & Growth4237
Franklin Small-Mid Cap Growth4239
Hartford Bond HLS4233
Hartford Capital Appreciation HLS4238
Hartford Index HLS4234
Hartford Money Market HLS4231
Hartford Mortgage Securities HLS4232
Janus Adviser International Growth4240
Janus Balanced4230
MFS Capital Opportunities4235
MFS Mass Investors Growth Stock4236
Self Directed Option:		
Schwab PCRA7272
Closed Funds (Exchanges Out Only):		
CalPERS US Intermediate2752
CalPERS US Short Term2751
American General Fixed Account Annuity4301
American General Variable Annuity		
Valic Stock Index Fund4307
Nationwide Fixed Annuity9769
Nationwide Variable Annuity Investment Sub Accounts:		
Gartmore Nationwide Fund9800
Putnam Investors Fund9802
Seligman Growth Fund9803

Note: Ticker symbols are not provided for investments which are not publicly traded mutual funds.

Time to Review Your Contributions for 2004

Good news!

Contribution limits go up in 2004, meaning you'll be allowed to contribute more to your Savings Plus 401(k) and/or 457 Plan. Currently, the annual cap for each plan is \$12,000/year. Next year it's \$13,000. The cap on "age-based contributions," described below, also will go up.

Remember: money you defer from your paycheck to your Savings Plus account is not treated as taxable income. Therefore, increasing your deferral amount shields more of your income from taxes.

If you plan to start the 2004 tax year with a higher deferral amount, the deadline to submit the change is as follows:

- If your December paycheck is dated January 1 (most employees), submit your deferral change by 10:00 am (PT), November 28

(but not before November 1, or it will be applied to the 2003 tax year).

- If your December paycheck is dated December 31, submit your deferral change by 1:00 pm (PT), December 31 (but not before December 1, or it will be applied to the 2003 tax year).

Submit deferral changes via SPP's Web site or automated phone system.

If you're age 50 or older in the calendar year, you're also eligible to make "age-based contributions" to your 401(k) and/or 457 Plan. This amount is in addition to your regular contributions (see chart below).

If you currently make "457 Catch-Up" contributions, or will in 2004, you're prohibited from making age-based contributions to your 457 Plan. However, you can still make age-based contributions to a

401(k). (The 457 Catch-Up form, available from SPP's Web site and voice response system, explains eligibility for this program.)



2004 Contribution Limits

Tax Year	401(k)*	457	401(k) Age-Based Contribution Limit	457 Age-Based Contribution Limit	Annual Combined Limit**
2004	\$13,000	\$13,000	\$3,000	\$3,000	\$32,000

* Cap applies to the combined contributions to a 401(k) and 403(b) Plan (a plan for employees in the education field).

** If you're enrolled in a 401(k) and 457 Plan and are eligible to make age-based contributions to both, you may contribute up to this annual combined limit. If you're only eligible to make regular contributions to both plans, the annual combined limit is \$26,000.

Change Your Periodic Payments – Any Time

Did you know that payout changes for both plans are now permitted more often than once a year?

If you currently receive periodic payments, you may stop your distribution, change the method of payment, change the amount you are receiving, or change the distribution period – at any time.

You also may request a supplemental distribution at any time. A supplemental distribution allows you to receive an additional payment from your account without changing your periodic payment.

To change the amount or frequency of your payments, complete a new Benefit Payment Application, included in the Benefit Payment Booklet. Download the booklet from our Web site, or use the toll-free voice response system to request that one be mailed to you.

How to Contact SPP Investment Providers

If you need to call a Savings Plus investment provider, you can find the phone number on our Web site or in the Savings Plus Investment Guide. The current Investment Guide was mailed to all participants in May 2003.

To find the provider phone numbers online, go to our Web site (www.sppforu.com) and select Employee Services. Click on Plan Info & Forms, then Links to Fund Providers, which is where we provide links to the Web sites of most SPP investment providers. Their sites include toll-free phone numbers and trading symbols for the specific funds offered through Savings Plus.

The Investment Guide lists the provider's phone number in the "General Information" section of the page with all the other information about that provider.



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How to Reach Us

Hours

Lobby: 8:00 a.m. - 5:00 p.m.

Phone: 8:30 a.m. - 4:00 p.m.

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